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SUBJECT: A/S SHANNON'S MEETING WITH NICARAGUAN
PRESIDENT-ELECT DANIEL ORTEGA

Classified By: Ambassador Paul Trivelli for reasons 1.4 (b and d)

¶1. (C) Summary: In his cordial yet measured meeting with WHA Assistant Secretary of State Thomas Shannon, Nicaraguan President-elect Daniel Ortega of the Sandinista National Liberation Front (FSLN) stated his desire for "productive relations" with the USG. Ortega discussed his plans to fight poverty and identified narcotrafficking, terrorism, and trade as items of "mutual concern." The FSLN will "work" with CAFTA while exploring trade relations with the European Union, Mercosur, and Venezuela and focusing on regional unity. Ortega plans to maintain relations with Taiwan while "opening communications" with China. Responding to A/S Shannon's comments on the need to strengthen democracy to alleviate poverty, Ortega stated that the FSLN will continue to promote parliamentary style government and will not block reforms passed in 2005 that transfer powers from the executive to the legislature. However, he would consider delaying their implementation if needed to hold a consultation process with the Nicaraguan people on deeper reforms. End Summary.

¶2. (C) In general, the one-hour meeting -- which began and concluded with press photo ops -- was cordial, with Ortega emphasizing shared goals and his desire to avoid confrontation and foster "direct understanding" and cooperation with the United States. Before the meeting, FSLN Foreign Relations officer Samuel Santos reminded poloff that Ortega's spouse Rosario Murillo is his Chief of Staff and "in charge" of the proceedings. FSLN deputy and National Assembly vice president Rene Nunez joined the meeting at the last minute. Santos commented that the FSLN will back Nunez to be the next Assembly president in 2007.

¶3. (C) The meeting took place in the conference room of the FSLN Secretariat. The room is painted with bright, gaudy designs and astrological symbols (Murillo's preference). Participants sat around a large glass conference table in roomy lavender-colored wicker chairs that forced us to lounge back or slouch forward. Santos and Murillo appeared eager and anxious that the encounter occur flawlessly. They arrived early to attend to every detail, and Ortega and Nunez entered precisely at 11:00 a.m. (Comment: Notably, Ortega and Murillo -- known for making people wait (a la Fidel Castro), sometimes for hours -- respected A/S Shannon's tight schedule and began the meeting on time. End Comment.)

FSLN Will Focus on Poverty, Confidence in the New Government

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14. (C) According to Ortega, the alleviation of poverty is his government's first priority. The Nicaraguan people demand jobs and access to health and education. He credited past governments with improving Nicaragua's macroeconomic standing, but added that the vast majority of Nicaraguans still live in poverty, which endangers democracy. Ortega noted that the poverty of the masses has contributed to emigration to Costa Rica and the United States. "Your wall is not a solution," he stated.

15. (C) Ortega admitted that before the elections, the FSLN was fighting to win the confidence of the public and the international community. He claimed victory in this struggle, noting that Nicaragua has not suffered from massive capital flight or a cutoff of new investment.

Relations with the USG
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16. (C) Throughout the meeting, Ortega repeatedly stated his desire to enjoy productive relations with the USG and maintain "frank and direct" communication. He specifically mentioned the mutual interests of combating narcotrafficking, securing borders (related to narcotrafficking), and fighting against terrorism, as well as promoting regional integration as points of mutual concern.

CAFTA, Regional Integration, and Trade Agreements
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17. (C) Ortega pledged to continue to "work" with the U.S. on CAFTA, highlighting the fact that FSLN National Assembly deputies took the lead on approving implementing legislation. He acknowledged that CAFTA is a key element of Central American integration, which will be a priority for his administration. Ortega said that he and the FSLN had worried about "economic asymmetries" between the U.S. and Nicaragua during the negotiation of CAFTA. However, he said the FSLN eventually supported CAFTA because of its importance to Nicaragua's private sector. Ortega explained that after completing regional integration with Nicaragua's Central American neighbors, he would pursue Central American unity with the Caribbean, and then the Americas as a whole. Ortega commented that the unity of the Americas depends on the "will of powerful countries, such as the United States." In addition to CAFTA, the FSLN will seek trade agreements with Venezuela (ALBA), Mercosur, and the European Union.

Relations with China, Taiwan, and Colombia
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18. (C) Ortega asserted that the FSLN government will not suspend relations with Taiwan, as maintaining relations will send a positive message of stability during the transition period. Nevertheless, the FSLN has "opened communications" with Mainland China. Shifting back to Latin America, Ortega opined that the Colombian government and the FARC should resolve Colombia's civil war through negotiations.

A/S Shannon: USG Open to a Constructive Dialogue
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19. (C) A/S Shannon thanked Ortega for the meeting and hoped it would contribute to a constructive dialogue between Nicaragua and the U.S., especially regarding our shared agenda: strengthening democracy, consolidating institutions, and attacking social problems such as poverty and inequality. A/S Shannon underscored the USG's commitment to work with Nicaragua to confront these problems, expand its economy, and use bilateral assistance programs and international financial institutions to help Nicaragua's poorest and neediest. Shannon said U.S. relations with Nicaragua would take place within a framework of support for democracy and democratic institutions. He noted that we were intent on identifying points of agreement with the new government, but expected to be able to speak in a frank and direct fashion regarding points of disagreement. Ortega agreed.

¶10. (C) Referring to speeches given by President Bush and Secretary Rice, Shannon said that the democracies of South and Central America face a common challenge: showing that their governments could deliver the benefits of democracy to the poorest, neediest citizens in their countries. Saying "democracy without social content will not succeed," the Assistant Secretary noted that investment in people is key to opening doors to economic opportunities. He also referred to our focus on the Millennium Challenge Compact (MCC), now operating in two of Nicaragua's poorest departments, as an example of how bilateral cooperation improves infrastructure and increases market access for Nicaraguan exports.

¶11. (C) A/S Shannon commented that Central American and hemispheric integration is a shared goal, citing CAFTA's contribution to integration and economic development. The U.S. is an integral part of the Americas, and we will work to deepen our relationship with Latin America on all levels, through government ties as well as civil society. This would be especially true for Nicaragua, Shannon said, where we would move closer to civil society and democratic political actors. A/S Shannon encouraged Ortega to resolve disagreements through dialogue.

FSLN Prefers "Parliamentary" Form of Government

¶12. (C) Responding to A/S Shannon's comments regarding democratic development, Ortega observed that, despite the fact that the FSLN wrote the 1987 constitution that accorded strong powers to the executive branch, the FSLN now believes that a "parliamentary system" offers a greater voice to the people. "Strong presidents have not served Central America well," he argued. For that reason, the FSLN voted for constitutional reforms in 1995 and 2005 that effectively redistributed power from the executive to the legislative branch.

¶13. (C) Ortega commented that FSLN deputies will not vote to continue the "Ley Marco" (Framework Law) which suspended the 2005 reforms until January 2007. However, he conceded that his government would consider delaying the implementation of these reforms for up to a year if such a postponement would lead to a more "profound consultation" with the Nicaraguan people. The FSLN will also seek to grant more powers to the local (municipal) governments through citizen assemblies, inviting the participation of women, youth, farmers, producers, and other groups to provide input in the formation of new legislation, and to reduce paternalism, Ortega claimed. He stated that more participatory, parliamentary government, emulating the Swiss model, will make the legislative process more transparent and contribute to economic development.

A Message From Chavez

¶14. (C) At the close of the meeting, Ortega asked to speak with Shannon privately. Ortega said that he had spoken with Chavez earlier in the day, and had told Chavez that he would be meeting with the Assistant Secretary. According to Ortega, Chavez said, "Please give my regards to Shannon, and tell him that after Sunday's elections we can think about how we can improve our relations." Ortega said, "He is sincere; he means it." Shannon responded, "President Chavez knows what he has to do to improve relations. He is the author of the present confrontation. Tell President Chavez that we look forward to hearing from him."

FSLN Participants

President-elect Daniel Ortega
Chief of Staff Rosario Murillo
Foreign Relations Officer Samuel Santos
Deputy Rene Nunez

USG Participants

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A/S Thomas Shannon
Ambassador Paul Trivelli
DCM Peter Brennan
Political Counselor Victoria Alvarado
Political Officer Timothy Smith (note taker)

This cable was cleared by Assistant Secretary Shannon.
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